

UNIFIED SCHOOL DISTRICT NO. 409

Atchison, Kansas

REGULATORY BASIS

FINANCIAL STATEMENTS

For the year ended June 30, 2014

And

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

...*KL*...

Karlin & Long, LLC
Certified Public Accountants

10115 Cherry Lane
Lenexa, Kansas 66220
(913) 829-7676

2200 Kentucky Avenue
Platte City, Missouri 64079
(816) 858-3791

901 Kentucky Street, Suite 104
Lawrence, Kansas 66044
(785) 312-9091

UNIFIED SCHOOL DISTRICT NO. 409

Atchison, Kansas

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report on Financial Statements	1-3
Statement 1	
Summary Statement of Receipts, Expenditures and Unencumbered Cash	4
Notes to Financial Statements	5-14
Schedule 1	
Schedule of Expenditures - Actual and Budget	15
Schedule 2	
Schedule of Cash Receipts and Expenditures - Actual and Budget	
General Fund	16
Supplemental General Fund	17
At-Risk Fund (4 year old)	18
At-Risk Fund K-12 Fund	19
Bilingual Education Fund	20
Capital Outlay Fund	21
Driver Training Fund	22
Food Service Fund	23
KPERS Contribution Fund	24
Professional Development Fund	25
Parent Education Fund	26
Special Education Fund	27
Vocational Education Fund	28
Gifts and Grants Fund	29
Recreation Commission - General Fund	30
Recreation Commission - Employee Benefit Fund	31
Bond and Interest Fund	32
Schedule 3	
Schedule of Cash Receipts and Expenditures - Any Non-budgeted Funds	33-34
Schedule 4	
Schedule of Cash Receipts, Expenditures and Unencumbered Cash - District Activity Funds	35-36
Schedule 5	
Schedule of Cash Receipts and Cash Disbursements - Agency Funds	37-38

UNIFIED SCHOOL DISTRICT NO. 409

Atchison, Kansas

TABLE OF CONTENTS

	<u>Page</u>
Federal Program Reports and Schedules	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	39-40
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB A-133	41-43
Schedule of Expenditures of Federal Awards	44
Schedule of Findings and Questioned Costs	45-46
Notes to Schedule of Expenditures of Federal Awards	47-48



Karlin & Long, LLC
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Board of Education
Unified School District No. 409
Atchison, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the Unified School District No. 409, Atchison, Kansas ("Municipal Financial Reporting Entity") as of and for the year ended June 30, 2014, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the Kansas Municipal Audit and Accounting Guide as described in Note 1 to meet the financial reporting requirements of the State of Kansas; this includes determining that the regulatory basis of accounting is an acceptable basis for the presentation of the financial statement in the circumstances.. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the *Kansas Municipal Audit and Accounting Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

10115 Cherry Lane
Lenexa, Kansas 66220
(913) 829-7676

2200 Kentucky Avenue
Platte City, Missouri 64079
(816) 858-3791

901 Kentucky Street, Suite 104
Lawrence, Kansas 66044
(785) 312-9091

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the financial statement is prepared by the Unified School District No. 409, Atchison, Kansas (“Municipal Financial Reporting Entity”) to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Unified School District No. 409, Atchison, Kansas (“Municipal Financial Reporting Entity”) as of June 30, 2014, or changes in financial position and cash flows thereof for the year then ended.

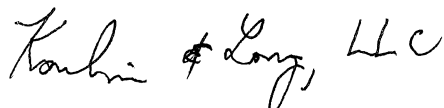
Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the Unified School District No. 409, Atchison, Kansas (“Municipal Financial Reporting Entity”) as of June 30, 2014, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide described in Note 1.

In accordance with “Government Auditing Standards”, we have also issued our report dated September 15, 2014, on our consideration of the District’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control of financial reporting or on compliance. That report is an integral part of an audit performed in accordance with “Government Audit Standards” and should be considered in assessing the results of our audit.

Report on Supplementary Information

Our audit was conducted for the purpose of forming opinion on the 2014 fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget and individual fund schedules of regulatory basis receipts and expenditures-actual and budget (Schedules 1, 2, 3, 4 and 5 as listed in the table of contents) are presented for purposes of additional analysis and are not a required part of the 2014 basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. The accompany schedule of expenditures of federal awards is presented for purposes of additional analysis as required but U.S Office of Management and Budget Circular A-133, "Audits of States and Local Governments, and Non-Profit Organizations" and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2014 basic financial statement. The 2014 information has been subjected to the auditing procedures applied in the audit of the 2014 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2014 basic financial statement or to the 2014 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 2014 basic financial statement as a whole, on the basis of accounting described in Note 1.

A handwritten signature in cursive script that reads "Karlin & Long, LLC".

Karlin & Long, LLC
Certified Public Accountants

Lenexa, KS
September 15, 2014

USD #409 ATCHISON, KANSAS

Summary Statement of Cash Receipts, Expenditures, and Unencumbered Cash

Regulatory Basis

For the Year Ended June 30, 2014

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Type Funds							
General Funds							
General	\$ -	-	\$ 10,614,809	\$ 10,614,809	\$ -	\$ -	\$ -
Supplemental General	105,893	-	3,462,706	3,567,752	847		847
Special Purpose Funds							
4-year old at risk	38,566	-	68,810	68,810	38,566		38,566
K-12 at risk	347,569	-	3,197,684	3,197,684	347,569		347,569
Bilingual Education	-	-	-	-	-		-
Capital outlay	2,111,627	-	591,272	593,686	2,109,213		2,109,213
Driver education	10,364	-	5,498	7,772	8,090		8,090
Food service	331,494	-	804,649	805,771	330,372		330,372
KPERS special retirement contribution	-	-	1,114,727	1,114,727	-		-
Professional development	173,994	-	50,000	40,393	183,601		183,601
Parent education	-	-	17,300	17,300	-		-
Special education	964,015	-	3,470,472	3,470,472	964,015		964,015
Vocational education	78,047	-	282,557	282,557	78,047		78,047
Gifts and grants	68,128	-	18,393	21,872	64,649		64,649
Contingency reserve	1,069,630	-	34,000	34,000	1,069,630		1,069,630
Textbook rental	393,309	-	188,579	125,757	456,131		456,131
Title I	-	-	459,537	452,619	6,918		6,918
Book Grant	-	-	186,521	186,521	-		-
Title IIA	-	-	108,865	108,865	-		-
Carl Perkins	-	-	18,817	18,417	400		400
Gate receipts	9,609	-	81,946	77,552	14,003		14,003
District activity funds	94,699	-	238,290	241,756	91,233		91,233
Debt service fund:							
Bond and interest	1,985,395	-	2,246,485	2,682,754	1,549,126		1,549,126
Capital Project:							
Bond Proceeds	243	-	7,279,469	7,048,021	231,691		231,691
Total primary government	7,782,582	-	34,541,386	34,779,867	7,544,101	-	7,544,101
Component unit:							
Atchison Recreation Commission: General	226,709	-	368,942	358,758	236,893		236,893
Atchison Recreation Commission: Employee Benefit	38,988	-	70,526	69,109	40,405		40,405
Total component unit	265,697	-	439,468	427,867	277,298		277,298
Total reporting entity (excluding agency funds)	8,048,279	-	34,980,854	35,207,734	7,821,399	-	7,821,399
Composition of Cash							
				Checking Accounts			\$ 7,628,513
				Petty Cash			-
				Total Component Unit			277,298
				Total Cash			7,905,811
				Agency Funds per Statement 4			84,412
				Total Reporting Entity			\$ 7,821,399

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 409
Atchison, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies

Financial Reporting Entity

USD No.409 is a municipal corporation governed by an elected seven member board. The district as an entity has been defined to include, on a combined basis, (a) USD No.409 (b) organizations for which USD No. 409 is financially accountable, and (c) other organizations for which the nature and significance of their relationship with USD No.409 are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Discretely presented component unit. The component unit section of these financial statements includes the financial data of the discretely presented component unit. This component unit is reported separately to emphasize that it is legally separate from the District. The governing body of this component unit is appointed by the District.

Recreation Commission USD No. 409 Recreation Commission oversees recreational activities. The Recreation commission operates a separate governing body but the District levies the taxes for the Recreation Commission and the Recreation commission has only the powers granted by statute, K.S.A. 12-1928. The Recreation Commission cannot purchase real property but can acquire real property by gift. The accounting policies of the USD No. 409 Recreation Commission are the same as those of the District.

Fund Descriptions

In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following types of funds comprise the financial activities of the District for the year 2014:

Governmental Funds

General Fund– The chief operating fund. Used to account for the resources except those required to be accounted for in another fund.

UNIFIED SCHOOL DISTRICT NO. 409
Atchison, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – **Summary of Significant Accounting Policies (Continued)**

Special Purpose Funds – Used to account for the proceeds of specific tax levies and other specific revenue sources (other than Capital Project and tax levies for long term debt) that are intended for specified purposes.

Bond and Interest Funds – Used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

Capital Project Funds – used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

Fiduciary Funds

Agency Funds – Funds used to report assets held by the municipal reporting entity in a purely custodial capacity (payroll clearing fund, activity accounts, etc.).

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America

The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The municipality has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the statutory basis of accounting.

UNIFIED SCHOOL DISTRICT NO. 409
Atchison, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Reimbursed Expenses

Expenditures in the amount of \$ 63,763 are classified as reimbursed expenses in the General Fund. The purpose of these expenditures is payment for goods and services in which fees are collected and such expenditures are exempt from the budget law under K.S.A. 79-2934.

Reimbursed expenses are defined as repayments of amounts remitted on behalf of another party. All reimbursed expenses shown in the financial statements meet the following criteria: 1) the related disbursement was made in the current year on behalf of the payee, 2) the item paid for was directly identifiable as having been used by or provided to the payee, and 3) the amount of the reimbursed expense was directly tied to the amount of the original cash disbursement

Budgetary Information

Kansas Statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenues other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no amendments for the year 2014.

UNIFIED SCHOOL DISTRICT NO. 409
Atchison, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies (Continued)

The statutes permit transferring budgeted amounts between accounts within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the city for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract.

All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

A legal operating budget is not required for capital projects funds and trust funds and the following special revenue funds:

Book Grant	Title IIA Fund
Carl Perkins	Contingency Reserve Fund
District Activity Funds	Textbook Rental Fund
Title I Fund	

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

Inventories and Prepaid Expenses

Inventories and prepaid expenses which benefit future periods are recorded as expenditures.

Use of Estimates

The process of preparing financial statements requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates relate primarily to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

UNIFIED SCHOOL DISTRICT NO. 409
Atchison, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – Deposits and Investments

Deposits

K.S.A. 9-1401 establishes the depositories which may be used by the district. The statute requires banks eligible to hold the district's funds have a main or branch bank in the county in which the district is located and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The district has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the district's investments of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The district has no investment policy that would further limit its investment choices. The district had no investments during 2014.

Concentration of Credit Risk

State statutes place no limit on the amount the district may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and K.S.A. 9-1405.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the district's deposits may not be returned to it. State statutes require the district's deposits in financial institutions to be entirely covered by federal depository insurance

or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. All deposits were legally secured at June 30, 2014.

At June 30, 2014, the government's carrying amount of deposits was \$ 7,905,811 and the bank balance was \$ 8,920,993. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$ 250,000 was covered by federal depository insurance and the balance was collateralized with securities held by the pledging financial institutions' agents in the district's name

UNIFIED SCHOOL DISTRICT NO. 409
Atchison, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – Deposits and Investments (Continued)

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

NOTE 3 – In-Substance Receipt in Transit

The district received \$ 937,936 subsequent to June 30, 2014 and as required by K.S.A. 72-6417 and 72-6434 the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2014.

NOTE 4 – Defined Benefit Pension Plan

Plan Description – USD No. 409 participates in the Kansas Public Employees Retirement System (KPERS), a cost sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas; Topeka, KS 66603) or by calling 1-888-275-5737.

Funding Policy – K.S.A. 74-4919 and K.S.A. 74-4921 establishes the KPERS member-employee contribution rates. Effective July 1, 2009 KPERS has two benefit structures and funding depending on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member-employee contribution rate of 4% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of section 414 (h) of the Internal Revenue Code.

The State of Kansas is required to contribute the statutory required employers share.

UNIFIED SCHOOL DISTRICT NO. 409
Atchison, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 5 – Risk Management

The District is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the county carries commercial insurance. There have been no significant reductions in coverage from prior years and settlements have not exceeded coverage in the past three years.

NOTE 6 – Stewardship, Compliance and Accountability

There were no violations noted of Kansas Statutes for the period under examination.

NOTE 7 – Compensated Absences

Full time, twelve month, non-certified employees earn ten days of vacation time per year. After twelve years, fifteen days of vacation time are earned per year. Vacation time does not accumulate. Sick and emergency leave is accrued at the rate of one day per month worked during the year for all employees, with a maximum accumulation of ninety days. Any days accumulated over ninety are paid the following year at 65% of the beginning pay scale rates. Such pay is made in November after the end of the fiscal year. Certified staff members who retire and apply for KPERS receive their unused sick and emergency leave at their daily rate. The district has not computed or recorded the liability at year end.

NOTE 8 – Indebtedness

The District is subject to the statutes of the State of Kansas that limits the net bonded debt. The debt outstanding may not exceed 14% of the assessed value of all tangible taxable property within the District unless additional authority is granted by the Kansas State Board of Education. The amount of bonds outstanding is computed exclusive of certain bonds specifically exempted from this limitation. At June 30, 2014, the statutory limit for the district was \$11,960,545 thus creating excess indebtedness of \$ 10,454,455. The outstanding bond principal represents 26.24% of the District valuation. The District has received approval from the Kansas State Board of Education to exceed the general bond debt limitation on February 11, 2003.

UNIFIED SCHOOL DISTRICT NO. 409
Atchison, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 9 – Contingency

The District receives federal and state grants for specific purposes that are subject to review and audit by federal and state agencies. Such audits could result in a request for reimbursement by federal and state agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of the District's management, such disallowances, if any, will not be significant to the District's financial statements.

NOTE 10 – Interfund Transactions

Operating transfers were as follows:

From	To	Statutory Authority	Amount
General Fund	Contingency Reserve	K.S.A 72-6428	\$ 34,000
General Fund	Textbook Fund	K.S.A 72-6428	100,000
General Fund	Professional Dev. Fund	K.S.A 72-6428	50,000
General Fund	Bilingual Education	K.S.A 72-6428	6,067
General Fund	Capital Outlay Fund	K.S.A 72-6428	287,247
General Fund	Special Education Fund	K.S.A 72-6428	1,710,587
General Fund	At Risk Fund K-12	K.S.A 72-6428	1,710,435
Supplemental General Fund	At Risk Fund K-12	K.S.A 72-6428	1,487,249
Supplemental General Fund	At risk Fund (4 year olds)	K.S.A 72-6433	62,743
Supplemental General Fund	Special Education Fund	K.S.A 72-6433	1,037,502
Supplemental General Fund	Vocational Education Fund	K.S.A 72-6433	281,980
Supplemental General Fund	Parent Education Fund	K.S.A 72-6433	17,300
Contingency Reserve	Supplemental General Fund	K.S.A. 72-6433	34,000

NOTE 11 – Other Post Employment Benefits

As provided by K.S.A. 12-5040, the local government allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the local government is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these statements.

UNIFIED SCHOOL DISTRICT NO. 409
Atchison, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 11 – Other Post Employment Benefits (Continued)

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the government makes health care available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the government under this program.

NOTE 12 – Capital Projects

At year-end, capital project authorizations with approved change orders compared with expenditures from inception are as follows:

	Expenditures <u>To Date</u>	Project <u>Authorization</u>
School Buildings	\$ 8,227,154	\$ 8,458,845

NOTE 13 – Subsequent Events

Subsequent events for management's review have been evaluated through September 15, 2011. The date in the prior sentence is the date the financial statements were available to be issued.

NOTES TO FINANCIAL STATEMENTS

Note 14 - Long Term Debt

Changes in long-term liabilities for the District for the year ended June 30, 2014 were as follows:

Issue	Interest Rate	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
General Obligation Bonds										
Series 2003	3.40%	6/1/03	\$ 9,850,000	9/1/17	\$ 2,820,000	\$	\$ 2,820,000	\$ (2,820,000)	\$ 0	\$
Series 2004	4.40%	8/1/04	5,150,000	9/1/22	4,705,000		4,600,000	(4,600,000)	105,000	202,700
Series 2011	3.00%	6/3/11	3,385,000	9/1/22	2,535,000		910,000	(910,000)	1,625,000	62,400
Series 2011-B	3.00%	12/15/11	6,145,000	9/1/22	6,080,000			0	6,080,000	182,400
Series 2013-A	3.00%	9/1/13	13,625,000	9/1/31	0	13,625,000		13,625,000	13,625,000	340,254
Series 2013-B	3.00%	3/1/14	980,000	9/1/34	0	980,000		980,000	980,000	
Leases										
Computer Equipment	0.09%	4/15/12	386,342	4/15/15	193,164		96,149	(96,149)	97,015	1,738
Total Long Term Debt					<u>\$ 16,333,164</u>	<u>\$ 14,605,000</u>	<u>\$ 8,426,149</u>	<u>\$ 6,178,851</u>	<u>\$ 22,512,015</u>	<u>\$ 789,492</u>
Current maturities of long-term debt and interest for the next five years and in five year increments through maturity are as follows:										
		2015	2016	2017	2018	2019	2020-2024	2025-2029	2030-2034	Total
Principal										
General Obligation Bonds	\$ 1,105,000	\$ 1,375,000	\$ 1,225,000	\$ 1,340,000	\$ 1,250,000	\$ 6,905,000	\$ 6,905,000	\$ 6,690,000	\$ 2,450,000	\$ 22,415,000
Special Assessment Bonds										-
Certificates of Participation	97,015									97,015
Capital Leases										-
Revenue Bonds										-
KDHE Loans										-
Temporary Notes										-
Total Principal	1,202,015	1,375,000	1,225,000	1,340,000	1,250,000	6,905,000	6,905,000	6,690,000	2,450,000	22,512,015
Interest										
General Obligation Bonds	730,750	660,741	622,616	584,316	545,466	2,111,276	986,917	155,352	1,781	6,399,215
Special Assessment Bonds										-
Certificates of Participation	873									873
Capital Leases										-
Revenue Bonds										-
KDHE Loans										-
Temporary Notes										-
Total Interest	731,623	660,741	622,616	584,316	545,466	2,111,276	986,917	155,352	1,781	6,400,088
Total Principal and Interest	\$ 1,933,638	\$ 2,035,741	\$ 1,847,616	\$ 1,924,316	\$ 1,795,466	\$ 9,016,276	\$ 7,676,917	\$ 2,605,352	\$ 76,781	\$ 28,912,103

Unified School District No. 409, Atchison Kansas

Regulatory-Required

Supplementary Information

For the year ended June 30, 2014

USD #409 ATCHISON, KANSAS

Summary of Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2014

Funds	Certified Budget	Adjustments to		Adjustments for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Over (Under)
		Legal Max	Comply with				
Governmental Type Funds							
General fund	\$ 10,634,330	\$ (83,284)	\$	63,763	\$ 10,614,809	\$ 10,614,809	\$ -
Supplemental General	3,594,953	(26,624)		0	3,568,329	3,567,752	(577)
Special Purpose Funds							
4-year old at risk	110,007	0	0	0	110,007	68,810	(41,197)
K-12 at risk	3,421,534	0	0	0	3,421,534	3,197,684	(223,850)
Bilingual Education	2,000	0	0	0	2,000	0	(2,000)
Capital outlay	2,377,661	0	0	0	2,377,661	593,686	(1,783,975)
Driver education	20,434	0	0	0	20,434	7,772	(12,662)
Food service	1,397,392	0	0	0	1,397,392	805,771	(591,621)
KPERS special retirement contribution	1,199,803	0	0	0	1,199,803	1,114,727	(85,076)
Professional development	173,994	0	0	0	173,994	40,393	(133,601)
Parent education	17,300	0	0	0	17,300	17,300	0
Special education	4,605,420	0	0	0	4,605,420	3,470,472	(1,134,948)
Vocational education	345,220	0	0	0	345,220	282,557	(62,663)
Gifts and grants	143,128	0	0	0	143,128	21,872	(121,256)
Bond and interest	2,682,755	0	0	0	2,682,755	2,682,754	(1)
Component Units							
Atchison Recreation Commission: General	404,930	0	0	0	404,930	358,758	(46,172)
Atchison Recreation Commission: Employee Benefit	77,400	0	0	0	77,400	69,109	(8,291)

The notes to the financial statements are an integral part of this statement.

USD #409 ATCHISON, KANSAS
GENERAL FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2014

	Actual	Budget	Variance- Over (Under)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 1,252,906	\$ 1,292,633	\$ (39,727)
Delinquent tax	19,658	15,203	4,455
Motor vehicle tax			-
RV tax			-
Mineral production tax			-
Federal grants			-
State aid/grants	9,278,482	9,326,494	(48,012)
Charges for services			-
Interest income			-
Miscellaneous revenues	63,763		63,763
Operating transfers			-
Total Cash Receipts	<u>10,614,809</u>	<u>10,634,330</u>	<u>(19,521)</u>
EXPENDITURES			
Instruction	3,090,729	3,315,670	(224,941)
Student support services	257,130	254,577	2,553
Instruction support staff	105,371	112,268	(6,897)
General administration	419,930	435,323	(15,393)
School administration	830,730	863,919	(33,189)
Operations and maintenance	1,550,341	1,667,491	(117,150)
Student transportation services	385,674	477,887	(92,213)
Central support services			-
Other support services	76,568	76,890	(322)
Food service operations			-
Student activities			-
Facility acquisition and construction services			-
Debt service			-
Operating transfers	3,898,336	3,430,305	468,031
Adjustment to comply with legal max		(83,284)	83,284
Adjustment for qualifying budget credits		63,763	(63,763)
Total Expenditures	<u>10,614,809</u>	<u>\$ 10,614,809</u>	<u>\$ -</u>
Receipts Over (Under) Expenditures	-		
Unencumbered Cash, Beginning	-		
Prior Year Cancelled Encumbrances	-		
Unencumbered Cash, Ending	<u>\$ -</u>		

The notes to the financial statements are an integral part of this statement.

USD #409 ATCHISON, KANSAS
 SUPPLEMENTAL GENERAL FUND
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended June 30, 2014

	Actual	Budget	Variance- Over (Under)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 1,599,987	\$ 1,959,275	\$ (359,288)
Delinquent tax	31,032	19,275	11,757
Motor vehicle tax	195,803	185,436	10,367
RV tax	1,324	1,476	(152)
Mineral production tax			-
Federal grants			-
State aid/grants	1,600,470	1,585,978	14,492
Charges for services			-
Interest income			-
Miscellaneous revenues	90	80,850	(80,760)
Operating transfers	34,000		34,000
Total Cash Receipts	<u>3,462,706</u>	<u>3,832,290</u>	<u>(369,584)</u>
EXPENDITURES			
Instruction	249,425	211,077	38,348
Student support services			-
Instruction support staff	192,608	204,236	(11,628)
General administration			-
School administration	40,641	103,000	(62,359)
Operations and maintenance	198,305	75,962	122,343
Student transportation services			-
Central support services			-
Other support services			-
Food service operations			-
Student activities			-
Facility acquisition and construction services			-
Debt service			-
Operating transfers	2,886,773	3,000,678	(113,905)
Adjustment to comply with legal max		(26,624)	26,624
Adjustment for qualifying budget credits			-
Total Expenditures	<u>3,567,752</u>	<u>\$ 3,568,329</u>	<u>\$ (577)</u>
Receipts Over (Under) Expenditures	(105,046)		
Unencumbered Cash, Beginning	105,893		
Prior Year Cancelled Encumbrances	-		
Unencumbered Cash, Ending	<u>\$ 847</u>		

The notes to the financial statements are an integral part of this statement.

USD #409 ATCHISON, KANSAS
 AT RISK FUND (4-year old)
 Statement of Cash Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ -
Delinquent tax			-
Motor vehicle tax			-
RV tax			-
Mineral production tax			-
Federal grants			-
State aid/grants			-
Charges for services			-
Interest income			-
Miscellaneous revenues			-
Operating transfers	<u>68,810</u>	<u>71,441</u>	<u>(2,631)</u>
Total Cash Receipts	<u>68,810</u>	<u>71,441</u>	<u>(2,631)</u>
EXPENDITURES			
Instruction	68,810	110,007	(41,197)
Student support services			-
Instruction support staff			-
General administration			-
School administration			-
Operations and maintenance			-
Student transportation services			-
Central support services			-
Other support services			-
Food service operations			-
Student activities			-
Facility acquisition and construction services			-
Debt service			-
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
Total Expenditures	<u>68,810</u>	<u>\$ 110,007</u>	<u>\$ (41,197)</u>
Receipts Over (Under) Expenditures	-		
Unencumbered Cash, Beginning	38,566		
Prior Year Cancelled Encumbrances	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 38,566</u>		

The notes to the financial statements are an integral part of this statement.

USD #409 ATCHISON, KANSAS
 AT RISK FUND (K-12)
 Statement of Cash Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	Variance- Over (Under)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ -
Delinquent tax			-
Motor vehicle tax			-
RV tax			-
Mineral production tax			-
Federal grants			-
State aid/grants			-
Charges for services			-
Interest income			-
Miscellaneous revenues			-
Operating transfers	<u>3,197,684</u>	<u>3,073,965</u>	<u>123,719</u>
Total Cash Receipts	<u>3,197,684</u>	<u>3,073,965</u>	<u>123,719</u>
EXPENDITURES			
Instruction	2,813,683	2,886,045	(72,362)
Student support services	153,668	157,842	(4,174)
Instruction support staff	97,685	98,511	(826)
General administration			-
School administration	116,282	115,814	468
Operations and maintenance	16,366	163,322	(146,956)
Student transportation services			-
Central support services			-
Other support services			-
Food service operations			-
Student activities			-
Facility acquisition and construction services			-
Debt service			-
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
Total Expenditures	<u>3,197,684</u>	<u>\$ 3,421,534</u>	<u>\$ (223,850)</u>
Receipts Over (Under) Expenditures			-
Unencumbered Cash, Beginning	347,569		
Prior Year Cancelled Encumbrances	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 347,569</u>		

The notes to the financial statements are an integral part of this statement.

USD #409 ATCHISON, KANSAS
 BILINGUAL EDUCATION
 Statement of Cash Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	Variance- Over (Under)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$
Delinquent tax			-
Motor vehicle tax			-
RV tax			-
Mineral production tax			-
Federal grants			-
State aid/grants			-
Charges for services			-
Interest income			-
Miscellaneous revenues			-
Operating transfers	-	2,000	(2,000)
	<u>-</u>	<u>2,000</u>	<u>(2,000)</u>
Total Cash Receipts	<u>-</u>	<u>2,000</u>	<u>(2,000)</u>
EXPENDITURES			
Instruction		2,000	(2,000)
Student support services			-
Instruction support staff			-
General administration			-
School administration			-
Operations and maintenance			-
Student transportation services			-
Central support services			-
Other support services			-
Food service operations			-
Student activities			-
Facility acquisition and construction services			-
Debt service			-
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
	<u>-</u>	<u>2,000</u>	<u>(2,000)</u>
Total Expenditures	<u>-</u>	<u>\$ 2,000</u>	<u>\$ (2,000)</u>
Receipts Over (Under) Expenditures	-		
Unencumbered Cash, Beginning	-		
Prior Year Cancelled Encumbrances	-		
	<u>-</u>		
Unencumbered Cash, Ending	\$ <u>-</u>		

The notes to the financial statements are an integral part of this statement.

USD #409 ATCHISON, KANSAS
CAPITAL OUTLAY FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2014

	Actual	Budget	Variance- Over (Under)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 213,523	\$ 219,921	\$ (6,398)
Delinquent tax	4,773	2,571	2,202
Motor vehicle tax	27,142	25,613	1,529
RV tax	183	203	(20)
Mineral production tax			-
Federal grants			-
State aid/grants			-
Charges for services			-
Interest income	7,137	8,000	(863)
Miscellaneous revenues	51,267	10,000	41,267
Operating transfers	287,247		287,247
Total Cash Receipts	<u>591,272</u>	<u>266,308</u>	<u>324,964</u>
EXPENDITURES			
Instruction	178,766	504,954	(326,188)
Student support services			-
Instruction support staff			-
General administration			-
School administration	1,070		1,070
Operations and maintenance	352,650	1,300,000	(947,350)
Student transportation services	61,200		61,200
Central support services		572,707	(572,707)
Other support services			-
Food service operations			-
Student activities			-
Facility acquisition and construction services			-
Debt service			-
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
Total Expenditures	<u>593,686</u>	<u>\$ 2,377,661</u>	<u>\$ (1,783,975)</u>
Receipts Over (Under) Expenditures	(2,414)		
Unencumbered Cash, Beginning	2,111,627		
Prior Year Cancelled Encumbrances	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 2,109,213</u>		

The notes to the financial statements are an integral part of this statement.

USD #409 ATCHISON, KANSAS
 DRIVER TRAINING FUND
 Statement of Cash Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	Variance- Over (Under)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ -
Delinquent tax			-
Motor vehicle tax			-
RV tax			-
Mineral production tax			-
Federal grants			-
State aid/grants	2,210	2,070	140
Charges for services	3,288	8,000	(4,712)
Interest income			-
Miscellaneous revenues			-
Operating transfers			-
	<u>5,498</u>	<u>10,070</u>	<u>(4,572)</u>
EXPENDITURES			
Instruction	7,772	20,384	(12,612)
Student support services			-
Instruction support staff			-
General administration			-
School administration			-
Operations and maintenance		50	(50)
Student transportation services			-
Central support services			-
Other support services			-
Food service operations			-
Student activities			-
Facility acquisition and construction services			-
Debt service			-
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
	<u>7,772</u>	<u>\$ 20,434</u>	<u>\$ (12,662)</u>
Total Expenditures			
	<u>7,772</u>	<u>\$ 20,434</u>	<u>\$ (12,662)</u>
Receipts Over (Under) Expenditures	(2,274)		
Unencumbered Cash, Beginning	10,364		
Prior Year Cancelled Encumbrances	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 8,090</u>		

The notes to the financial statements are an integral part of this statement.

USD #409 ATCHISON, KANSAS
 FOOD SERVICE FUND
 Statement of Cash Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended June 30, 2014

	Actual	Budget	Variance- Over (Under)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ -
Delinquent tax			-
Motor vehicle tax			-
RV tax			-
Mineral production tax			-
Federal grants	624,888	645,238	(20,350)
State aid/grants	8,229	7,920	309
Charges for services	171,532	412,740	(241,208)
Interest income			-
Miscellaneous revenues			-
Operating transfers			-
Total Cash Receipts	<u>804,649</u>	<u>1,065,898</u>	<u>(261,249)</u>
EXPENDITURES			
Instruction			-
Student support services			-
Instruction support staff			-
General administration			-
School administration			-
Operations and maintenance		388,499	(388,499)
Student transportation services			-
Central support services			-
Other support services			-
Food service operations	805,771	1,008,893	(203,122)
Student activities			-
Facility acquisition and construction services			-
Debt service			-
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
Total Expenditures	<u>805,771</u>	<u>\$ 1,397,392</u>	<u>\$ (591,621)</u>
Receipts Over (Under) Expenditures	(1,122)		
Unencumbered Cash, Beginning	331,494		
Prior Year Cancelled Encumbrances	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 330,372</u>		

The notes to the financial statements are an integral part of this statement.

USD #409 ATCHISON, KANSAS
 KPERS SPECIAL RETIREMENT CONTRIBUTION FUND
 Statement of Cash Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	Variance- Over (Under)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ -
Delinquent tax			-
Motor vehicle tax			-
RV tax			-
Mineral production tax			-
Federal grants			-
State aid/grants	1,114,727	1,199,803	(85,076)
Charges for services			-
Interest income			-
Miscellaneous revenues			-
Operating transfers			-
	<u>1,114,727</u>	<u>1,199,803</u>	<u>(85,076)</u>
Total Cash Receipts			
EXPENDITURES			
Instruction	751,205	810,000	(58,795)
Student support services	60,121	65,000	(4,879)
Instruction support staff	35,061	41,803	(6,742)
General administration	42,413	50,000	(7,587)
School administration	86,209	98,000	(11,791)
Operations and maintenance	70,093	85,000	(14,907)
Student transportation services	30,447		30,447
Central support services			-
Other support services	6,924	8,000	(1,076)
Food service operations	32,254	42,000	(9,746)
Student activities			-
Facility acquisition and construction services			-
Debt service			-
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
	<u>1,114,727</u>	<u>\$ 1,199,803</u>	<u>\$ (85,076)</u>
Total Expenditures			
Receipts Over (Under) Expenditures	-		
Unencumbered Cash, Beginning	-		
Prior Year Cancelled Encumbrances	-		
	<u>-</u>		
Unencumbered Cash, Ending	\$ <u>-</u>		

The notes to the financial statements are an integral part of this statement.

USD #409 ATCHISON, KANSAS
PROFESSIONAL DEVELOPMENT FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	Variance- Over (Under)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$
Delinquent tax			-
Motor vehicle tax			-
RV tax			-
Mineral production tax			-
Federal grants			-
State aid/grants			-
Charges for services			-
Interest income			-
Miscellaneous revenues			-
Operating transfers	<u>50,000</u>	<u> </u>	<u>50,000</u>
Total Cash Receipts	<u>50,000</u>	<u>-</u>	<u>50,000</u>
EXPENDITURES			
Instruction			-
Student support services			-
Instruction support staff	40,393	173,994	(133,601)
General administration			-
School administration			-
Operations and maintenance			-
Student transportation services			-
Central support services			-
Other support services			-
Food service operations			-
Student activities			-
Facility acquisition and construction services			-
Debt service			-
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
Total Expenditures	<u>40,393</u>	<u>\$ 173,994</u>	<u>\$ (133,601)</u>
Receipts Over (Under) Expenditures	9,607		
Unencumbered Cash, Beginning	173,994		
Prior Year Cancelled Encumbrances	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 183,601</u>		

The notes to the financial statements are an integral part of this statement.

USD #409 ATCHISON, KANSAS
 PARENT EDUCATION FUND
 Statement of Cash Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	Variance- Over (Under)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ -
Delinquent tax			-
Motor vehicle tax			-
RV tax			-
Mineral production tax			-
Federal grants			-
State aid/grants			-
Charges for services			-
Interest income			-
Miscellaneous revenues			-
Operating transfers	<u>17,300</u>	<u>17,300</u>	<u>-</u>
Total Cash Receipts	<u>17,300</u>	<u>17,300</u>	<u>-</u>
EXPENDITURES			
Instruction			-
Student support services	17,300	17,300	-
Instruction support staff			-
General administration			-
School administration			-
Operations and maintenance			-
Student transportation services			-
Central support services			-
Other support services			-
Food service operations			-
Student activities			-
Facility acquisition and construction services			-
Debt service			-
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
Total Expenditures	<u>17,300</u>	<u>\$ 17,300</u>	<u>\$ -</u>
Receipts Over (Under) Expenditures	-		
Unencumbered Cash, Beginning	-		
Prior Year Cancelled Encumbrances	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ -</u>		

The notes to the financial statements are an integral part of this statement.

USD #409 ATCHISON, KANSAS
SPECIAL EDUCATION FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	Variance- Over (Under)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ -
Delinquent tax			-
Motor vehicle tax			-
RV tax			-
Mineral production tax			-
Federal grants	492,901	449,637	43,264
State aid/grants		42,664	(42,664)
Charges for services			-
Interest income			-
Miscellaneous revenues	229,482	150,000	79,482
Operating transfers	<u>2,748,089</u>	<u>2,999,104</u>	<u>(251,015)</u>
Total Cash Receipts	<u>3,470,472</u>	<u>3,641,405</u>	<u>(170,933)</u>
EXPENDITURES			
Instruction	2,482,438	3,486,524	(1,004,086)
Student support services	585,804	695,473	(109,669)
Instruction support staff			-
General administration	118,676	120,138	(1,462)
School administration			-
Operations and maintenance			-
Student transportation services	283,554	303,285	(19,731)
Central support services			-
Other support services			-
Food service operations			-
Student activities			-
Facility acquisition and construction services			-
Debt service			-
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
Total Expenditures	<u>3,470,472</u>	<u>\$ 4,605,420</u>	<u>\$ (1,134,948)</u>
Receipts Over (Under) Expenditures		-	
Unencumbered Cash, Beginning	964,015		
Prior Year Cancelled Encumbrances	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 964,015</u>		

The notes to the financial statements are an integral part of this statement.

USD #409 ATCHISON, KANSAS
 VOCATIONAL EDUCATION FUND
 Statement of Cash Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	Variance- Over (Under)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ -
Delinquent tax			-
Motor vehicle tax			-
RV tax			-
Mineral production tax			-
Federal grants			-
State aid/grants			-
Charges for services			-
Interest income			-
Miscellaneous revenues	577		577
Operating transfers	<u>281,980</u>	<u>267,173</u>	<u>14,807</u>
Total Cash Receipts	<u>282,557</u>	<u>267,173</u>	<u>15,384</u>
EXPENDITURES			
Instruction	282,557	345,220	(62,663)
Student support services			-
Instruction support staff			-
General administration			-
School administration			-
Operations and maintenance			-
Student transportation services			-
Central support services			-
Other support services			-
Food service operations			-
Student activities			-
Facility acquisition and construction services			-
Debt service			-
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
Total Expenditures	<u>282,557</u>	<u>\$ 345,220</u>	<u>\$ (62,663)</u>
Receipts Over (Under) Expenditures			-
Unencumbered Cash, Beginning	78,047		
Prior Year Cancelled Encumbrances	<u>-</u>		
Unencumbered Cash, Ending	\$ <u>78,047</u>		

The notes to the financial statements are an integral part of this statement.

USD #409 ATCHISON, KANSAS
GIFTS AND GRANTS FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	Variance- Over (Under)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ -
Delinquent tax			-
Motor vehicle tax			-
RV tax			-
Mineral production tax			-
Federal grants			-
State aid/grants			-
Charges for services			-
Interest income			-
Miscellaneous revenues	18,393	75,000	(56,607)
Operating transfers			-
	<u>18,393</u>	<u>75,000</u>	<u>(56,607)</u>
Total Cash Receipts			
EXPENDITURES			
Instruction	15,490	143,128	(127,638)
Student support services			-
Instruction support staff			-
General administration			-
School administration			-
Operations and maintenance	6,382		6,382
Student transportation services			-
Central support services			-
Other support services			-
Food service operations			-
Student activities			-
Facility acquisition and construction services			-
Debt service			-
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
	<u>21,872</u>	<u>\$ 143,128</u>	<u>\$ (121,256)</u>
Total Expenditures			
Receipts Over (Under) Expenditures	(3,479)		
Unencumbered Cash, Beginning	68,128		
Prior Year Cancelled Encumbrances	<u>-</u>		
Unencumbered Cash, Ending	\$ <u>64,649</u>		

The notes to the financial statements are an integral part of this statement.

USD #409 ATCHISON, KANSAS
 RECREATION COMMISSION - GENERAL FUND
 Statement of Cash Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended June 30, 2014

	Actual	Budget	Variance- Over (Under)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 213,317	\$ 191,178	\$ 22,139
Delinquent tax	4,074	2,403	1,671
Motor vehicle tax	26,251	24,676	1,575
RV tax	177	196	(19)
Mineral production tax			-
Federal grants			-
State aid/grants			-
Charges for services	124,614	75,000	49,614
Interest income			-
Miscellaneous revenues	509		509
Operating transfers			-
Total Cash Receipts	<u>368,942</u>	<u>293,453</u>	<u>75,489</u>
EXPENDITURES			
Instruction			-
Student support services			-
Instruction support staff			-
General administration			-
School administration			-
Operations and maintenance			-
Student transportation services			-
Central support services			-
Other support services			-
Food service operations			-
Community service operations	358,758	404,930	(46,172)
Facility acquisition and construction services			-
Debt service			-
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
Total Expenditures	<u>358,758</u>	<u>\$ 404,930</u>	<u>\$ (46,172)</u>
Receipts Over (Under) Expenditures	10,184		
Unencumbered Cash, Beginning	226,709		
Prior Year Cancelled Encumbrances	-		
Unencumbered Cash, Ending	<u>\$ 236,893</u>		

The notes to the financial statements are an integral part of this statement.

USD #409 ATCHISON, KANSAS
 RECREATION COMMISSION - EMPLOYEE BENEFITS FUND
 Statement of Cash Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended June 30, 2014

	Actual	Budget	Variance- Over (Under)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 61,599	\$ 55,035	\$ 6,564
Delinquent tax	1,025	619	406
Motor vehicle tax	7,623	7,086	537
RV tax	51	56	(5)
Mineral production tax			-
Federal grants			-
State aid/grants			-
Charges for services			-
Interest income			-
Miscellaneous revenues	228		228
Operating transfers			-
	<u>70,526</u>	<u>62,796</u>	<u>7,730</u>
Total Cash Receipts			
EXPENDITURES			
Instruction			-
Student support services			-
Instruction support staff			-
General administration			-
School administration			-
Operations and maintenance			-
Student transportation services			-
Central support services			-
Other support services			-
Food service operations			-
Community service operations	69,109	77,400	(8,291)
Facility acquisition and construction services			-
Debt service			-
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
	<u>69,109</u>	<u>77,400</u>	<u>(8,291)</u>
Total Expenditures			
Receipts Over (Under) Expenditures	1,417		
Unencumbered Cash, Beginning	38,988		
Prior Year Cancelled Encumbrances	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 40,405</u>		

The notes to the financial statements are an integral part of this statement.

USD #409 ATCHISON, KANSAS
BOND AND INTEREST FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2014

	Actual	Budget	Variance- Over (Under)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 1,028,301	\$ 1,059,491	\$ (31,190)
Delinquent tax	21,520	12,384	9,136
Motor vehicle tax	130,787	123,402	7,385
RV tax	883	982	(99)
Mineral production tax			-
Federal grants			-
State aid/grants	1,064,994	1,126,757	(61,763)
Charges for services			-
Interest income			-
Miscellaneous revenues			-
Operating transfers			-
Total Cash Receipts	<u>2,246,485</u>	<u>2,323,016</u>	<u>(76,531)</u>
EXPENDITURES			
Instruction			-
Student support services			-
Instruction support staff			-
General administration			-
School administration			-
Operations and maintenance			-
Student transportation services			-
Central support services			-
Other support services			-
Food service operations			-
Student activities			-
Facility acquisition and construction services			-
Debt service	2,682,754	2,682,755	(1)
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
Total Expenditures	<u>2,682,754</u>	<u>\$ 2,682,755</u>	<u>\$ (1)</u>
Receipts Over (Under) Expenditures	(436,269)		
Unencumbered Cash, Beginning	1,985,395		
Prior Year Cancelled Encumbrances	-		
Unencumbered Cash, Ending	<u>\$ 1,549,126</u>		

The notes to the financial statements are an integral part of this statement.

USD #409 ATCHISON, KANSAS
 ANY NONBUDGETED FUNDS
 Statement of Cash Receipts and Expenditures
 Regulatory Basis
 For the Year Ended June 30, 2014

	<u>Textbook</u>	<u>Contingency Reserve</u>	<u>Title I</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$
Delinquent tax			
Motor vehicle tax			
RV tax			
Mineral production tax			
Federal grants			455,962
State aid/grants			
Charges for services	188,579		
Interest income			
Miscellaneous revenues			3,575
Operating transfers		34,000	
Total Cash Receipts	<u>188,579</u>	<u>34,000</u>	<u>459,537</u>
EXPENDITURES			
Instruction	111,859		452,619
Student support services			
Instruction support staff	13,898		
General administration			
School administration			
Operations and maintenance			
Student transportation services			
Central support services			
Other support services			
Food service operations			
Student activities			
Facility acquisition and construction services			
Debt service			
Operating transfers		34,000	
Adjustment for qualifying budget credits			
Total Expenditures	<u>125,757</u>	<u>34,000</u>	<u>452,619</u>
Receipts Over (Under) Expenditures	62,822	-	6,918
Unencumbered Cash, Beginning	393,309	1,069,630	-
Prior Year Cancelled Encumbrances	<u>-</u>	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ 456,131</u>	<u>\$ 1,069,630</u>	<u>\$ 6,918</u>

The notes to the financial statements are an integral part of this statement.

USD #409 ATCHISON, KANSAS
 ANY NONBUDGETED FUNDS
 Statement of Cash Receipts and Expenditures
 Regulatory Basis
 For the Year Ended June 30, 2014

	<u>Carl Perkins</u>	<u>Book Grant</u>	<u>Title IIA</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$
Delinquent tax			
Motor vehicle tax			
RV tax			
Mineral production tax			
Federal grants	18,817		108,482
State aid/grants			
Charges for services			
Interest income			
Miscellaneous revenues		186,521	383
Operating transfers			
	<u>18,817</u>	<u>186,521</u>	<u>108,865</u>
Total Cash Receipts			
EXPENDITURES			
Instruction	17,476	186,521	108,865
Student support services			
Instruction support staff			
General administration	941		
School administration			
Operations and maintenance			
Student transportation services			
Central support services			
Other support services			
Food service operations			
Student activities			
Facility acquisition and construction services			
Debt service			
Operating transfers			
Adjustment for qualifying budget credits			
	<u>18,417</u>	<u>186,521</u>	<u>108,865</u>
Total Expenditures			
Receipts Over (Under) Expenditures	400	0	0
Unencumbered Cash, Beginning	-	0	0
Prior Year Cancelled Encumbrances	<u>-</u>	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 400</u>	<u>\$ 0</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

USD #409 ATCHISON, KANSAS
DISTRICT ACTIVITY FUNDS
Statement of Cash Receipts, Expenditures, and Unencumbered Cash
Regulatory Basis
For the Year Ended June 30, 2014

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Gate Receipts							
Atchison Middle School	\$ 2,511	\$ -	\$ 3,094	\$ 3,628	\$ 1,977	\$ -	\$ 1,977
Atchison High School	7,098	-	78,852	73,924	12,026	-	12,026
Total gate receipts	<u>\$ 9,609</u>	<u>\$ -</u>	<u>\$ 81,946</u>	<u>\$ 77,552</u>	<u>\$ 14,003</u>	<u>\$ -</u>	<u>\$ 14,003</u>
District Activity Funds							
Atchison High School	6,188	-	2,034	2,398	5,824	-	5,824
Art-instructional	231	-	178	200	209	-	209
A+ program	1,559	-	-	66	1,493	-	1,493
Business	105	-	889	708	286	-	286
Counseling	16	-	-	-	16	-	16
Drama Club	6,574	-	12,059	12,252	6,381	-	6,381
Drama	-	-	3,818	3,798	20	-	20
Driver education	1,374	-	2,232	1,627	1,979	-	1,979
English	3,069	-	248	1,406	1,911	-	1,911
Faculty lounge	13	-	-	-	13	-	13
Food service miscellaneous	1,477	-	3,111	2,998	1,590	-	1,590
Forensics	168	-	-	168	-	-	-
Flags	3,124	-	3,573	5,201	1,496	-	1,496
Industrial arts-wood	248	-	-	248	-	-	-
FCA	235	-	407	104	538	-	538
Library	8,437	-	1,980	589	9,828	-	9,828
Math	638	-	57,032	57,670	-	-	-
Music-instrumental	2,251	-	15,589	14,463	3,377	-	3,377
Music-jazz	286	-	-	28	258	-	258
Newspaper-Optimist	90	-	8,948	9,038	-	-	-
Participation	25	-	902	927	-	-	-
Petty Cash	16	-	-	-	16	-	16
Positive behavior system	80	-	-	48	32	-	32
Redman restaurant	292	-	970	472	790	-	790
Robotics	8,446	-	4,964	3,277	10,133	-	10,133
Science	2,062	-	2,904	2,103	2,863	-	2,863
Social science	176	-	5,091	5,267	-	-	-
Technology	147	-	6,522	6,669	-	-	-
Textbook	6,792	-	5,916	11,556	1,152	-	1,152
Yearbook							
Subtotal Atchison High School	<u>54,119</u>	<u>-</u>	<u>139,367</u>	<u>143,281</u>	<u>50,205</u>	<u>-</u>	<u>50,205</u>

The notes to the financial statements are an integral part of this statement.

USD #409 ATCHISON, KANSAS
DISTRICT ACTIVITY FUNDS
Statement of Cash Receipts, Expenditures, and Unencumbered Cash
Regulatory Basis
For the Year Ended June 30, 2014

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Atchison Middle School							
Admissions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
All school fundraiser	-	-	3,454	2,572	882	-	882
Art	1,264	-	2,170	-	3,434	-	3,434
AMS Memory Book	1,566	-	2,459	2,147	1,878	-	1,878
AMS Reward	-	-	605	539	66	-	66
Faculty lounge	164	-	2,253	1,909	508	-	508
Honor choir	122	-	4,472	3,107	1,487	-	1,487
Instrumental fundraiser	1,191	-	1,389	1,870	710	-	710
Instrumental reimbursable	-	-	-	-	-	-	-
Library	1,217	-	1,479	1,615	1,081	-	1,081
Participation	-	-	3,935	3,935	-	-	-
Pay for Sports	7,957	-	9,399	11,246	6,110	-	6,110
Petty cash	-	-	650	650	-	-	-
Sped life skills	294	-	90	117	267	-	267
Staff development	495	-	44	490	49	-	49
Technology fee	55	-	1,534	1,589	-	-	-
Geny	322	-	269	580	11	-	11
Textbook enrollment	150	-	3,758	3,863	45	-	45
Subtotal Atchison Middle School	14,797	-	37,960	36,229	16,528	-	16,528
Atchison Elementary School							
Accelerated reader	636	-	507	623	520	-	520
Atchison Singers	955	-	7,963	1,325	7,593	-	7,593
Behavior award	-	-	-	-	-	-	-
Book fair	234	-	11,896	12,130	-	-	-
Community Club for staff	14,990	-	6,082	12,192	8,880	-	8,880
Community Club field trip	3,600	-	8,539	8,984	3,155	-	3,155
Petty Cash	-	-	900	900	-	-	-
General	3,585	-	15,230	16,003	2,812	-	2,812
Library	459	-	709	627	541	-	541
Participation	100	-	1,290	1,390	-	-	-
Pond	568	-	-	-	568	-	568
Special	431	-	-	-	431	-	431
Technology	125	-	2,127	2,252	-	-	-
Textbook	100	-	5,720	5,820	-	-	-
Subtotal Atchison Elementary School	25,783	-	60,963	62,246	24,500	-	24,500
Total District Activity Funds	\$ 94,699	\$ -	\$ 238,290	\$ 241,756	\$ 91,233	\$ -	\$ 91,233

The notes to the financial statements are an integral part of this statement.

USD #409 ATCHISON, KANSAS
 AGENCY FUNDS
 Statement of Cash Receipts and Cash Disbursements
 Regulatory Basis
 For the Year Ended June 30, 2014

<u>Fund</u>	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance</u>
Payroll liabilities				
Revolving	\$ <u>45,535</u>	\$ <u>93,355</u>	\$ <u>91,866</u>	\$ <u>47,024</u>
Atchison High School				
Arts Club	230	4,203	283	4,150
Cheerleaders	998	16,268	11,671	5,595
Construction	131	453	228	356
Senior class	233	520	326	427
Junior class	1,541	3,561	4,175	927
Sophomore class	705	3,287	2,330	1,662
Freshman class	446	2,019	1,717	748
DECA club	1,928	13,129	9,643	5,414
Gentleman's/Ladies club	169	911	64	1,016
Kayettes	125	-	-	125
National Honor Society	191	510	700	1
Newspaper	448			448
FCCLA	882	10	438	454
Sash	309	1,642	988	963
FACS	439	70	509	-
SAFE	52			52
Sales Tax	377	4,127	4,112	392
Spanish Club	4,458	2,703	6,870	291
Student Council	32	1,453	1,238	247
RADD	156	500	626	30
YoDVD	1,157	686	964	879
Subtotal Atchison High School	<u>15,007</u>	<u>56,052</u>	<u>46,882</u>	<u>24,177</u>
Atchison Alternative School				
Activities	<u>84</u>	<u>1,741</u>	<u>1,707</u>	<u>118</u>
Subtotal Atchison Alternative School	<u>84</u>	<u>1,741</u>	<u>1,707</u>	<u>118</u>

The notes to the financial statements are an integral part of this statement.

USD #409 ATCHISON, KANSAS
 AGENCY FUNDS
 Statement of Cash Receipts and Cash Disbursements
 Regulatory Basis
 For the Year Ended June 30, 2014

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Atchison Middle School				
6th Grade Fundraise	\$ 725	\$ 520	\$ 796	\$ 449
7th Grade Fundraiser	-	3,249	1,848	1,401
8th Grade Fundraiser	-	4,824	4,824	-
Activity Fundraiser	1,712	165	698	1,179
Athletic Fundraiser	60	-	-	60
Gentleman's Club	50	364	414	-
Ladies Club	-	845	845	-
Laminating film	226	1,493	1,483	236
Project Move	527	-	507	20
Science Olympiad	724	142	196	670
Spirit Squad	80	-	-	80
Sales Tax	58	760	416	402
Student Council	1,467	7,457	7,406	1,518
Subtotal Atchison Middle School	5,629	19,819	19,433	6,015
Atchison Elementary School				
Student Council	2,918	1,364	1,224	3,058
Gift Fund	-	630	578	52
Charlie Fund	-	3,017	201	2,816
Sales Tax	963	189	-	1,152
Subtotal Atchison Elementary School	3,389	5,200	2,003	7,078
Total	\$ 69,644	\$ 176,167	\$ 161,891	\$ 84,412

The notes to the financial statements are an integral part of this statement.

...KL...

Karlin & Long, LLC
Certified Public Accountants

Board of Education
Unified School District No. 409
Atchison, Kansas

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL COMPLIANCE REPORTING AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

We have audited the financial statements of Unified School District No. 409, Atchison, Kansas as of and for the year ended June 30, 2014, and have issued our report thereon dated September 28, 2014. In our report, our opinion was qualified due to the use of another comprehensive basis of accounting. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Unified School District No. 409's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Unified School District No. 409's internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

10115 Cherry Lane
Lenexa, Kansas 66220
(913) 829-7676

2200 Kentucky Avenue
Platte City, Missouri 64079
(816) 858-3791

901 Kentucky Street, Suite 104
Lawrence, Kansas 66044
(785) 312-9091

Board of Education
Unified School District No. 409
Atchison, Kansas

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Unified School District No. 409's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Purpose of this Report

This report is intended solely for the information and use of the audit committee, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Karlin & Long, LLC". The signature is written in a cursive, flowing style.

Karlin & Long, LLC
Certified Public Accountants

September 15, 2014



Karlin & Long, LLC
Certified Public Accountants

Board of Education
Unified School District No. 409
Atchison, Kansas

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB
CIRCULAR A-133**

Report on Compliance for Each Major Federal Program

We have audited Unified School District No. 336, Holton, Kansas' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Unified School District No. 409, Atchison, Kansas' major federal programs for the year ended June 30, 2014. Unified School District No. 409, Atchison, Kansas' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Unified School District No. 409, Atchison, Kansas' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Unified School District No. 409, Atchison, Kansas' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Unified School District No. 409, Atchison, Kansas' compliance.

10115 Cherry Lane
Lenexa, Kansas 66220
(913) 829-7676

2200 Kentucky Avenue
Platte City, Missouri 64079
(816) 858-3791

901 Kentucky Street, Suite 104
Lawrence, Kansas 66044
(785) 312-9091

Opinion on Each Major Federal Program

In our opinion, Unified School District No. 409, Atchison, Kansas, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items. Our opinion on each major federal program is not modified with respect to these matters.

Unified School District No. 409, Atchison, Kansas' response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Unified School District No. 409, Atchison, Kansas' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Unified School District No. 409, Atchison, Kansas, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Unified School District No. 409, Atchison, Kansas' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Unified School District No. 409, Atchison, Kansas' internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Karlin & Long, LLC". The signature is written in a cursive, flowing style.

Karlin & Long, LLC
Certified Public Accountants

September 15, 2014

UNIFIED SCHOOL DISTRICT NO. 409
Atchison, Kansas

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2014

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass- Through Grantor Number	Federal Expenditures
<hr/>			
U.S. Department of Education			
Passed through State Department of Education:			
Title I	84.010	*	\$ 455,962
EHC Flo-Thru	84.027	*	470,545
Program Improvement	84.048	*	18,417
EC Flo-Thru	84.173	*	21,756
Title II - Teacher Quality	84.367	*	108,482
<hr/>			
U.S. Department of Agriculture			
Passed through State Department of Education:			
School Breakfast Program	10.553	*	123,036
National School Lunch Program	10.555	*	464,427
SFS - Food	10.559	*	21,162
Federal School Food Service	10.560	*	250
Team Nutrition Training	10.574	*	2,160
Fresh Fruits and Vegetables	10.582	*	16,264
<hr/>			
U.S. Department of Health and Human Services			
Passed through State Department of Education:			
Youth Risk Behavior Survey	93.938	*	100
Total Federal Assistance			<u>\$ 1,702,561</u>

* Not available

The accompanying notes to financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 409
Atchison, Kansas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2014

A. Summary of Audit Results

1. The auditor's report expresses a Adverse opinion on the financial statements of Unified School District #409 in accordance with Generally accepted Accounting Principles. The auditor's report expresses an Unqualified opinion on the financial statements in accordance with the regulatory basis.
2. No reportable conditions relating to the audit of the general purpose financial statements are reported in the Independent Auditors' Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in accordance with Government Auditing Standards.
3. No instances of noncompliance material to the general purpose financial statements of Unified School District #409 were disclosed during the audit.
4. The auditor's report on compliance for the major federal award programs for Unified School District #409 expresses an unqualified opinion on all major federal programs.
5. Audit findings relative to the major federal award programs for Unified School District #409 are reported in this schedule.
6. The programs tested as major programs included:
Department of Education
ECH Flo-Thru - CFDA #84.027, Title I - CFDA # 84.010, Food service cluster 10.553 to 10.582
7. Unified School District #409 was determined not to be a low-risk auditee.
8. The threshold for distinguishing types A and B programs was \$300,000.

B. Findings – Financial Statement Audit
None

C. Findings and Questioned Costs – Major Federal Awards Programs Audit
Department of Education
ECH Flo-Thru - CFDA #84.027, Title I - CFDA # 84.010, Food service cluster 10.553 to 10.582

No findings of noncompliance or questioned costs were noted.

The accompanying notes to financial statements are an integral part of this statement

UNFIED SCHOOL DISTRICT NO. 409
Schedule of Findings and Questioned Costs
Year Ended June 30, 2014

2014-001 Financial Reporting

Criteria – All school districts are required to prepare financial statements in accordance with the basis of accounting adopted. This is a responsibility of the District's management. The preparation of financial statements requires internal controls over both (1) recording, processing, and summarizing accounting data (i.e., maintaining internal books and records), and (2) reporting government-wide and fund financial statements, including note disclosures (i.e, external financial reporting).

Condition – As in the case with many smaller and medium sized entities, the District has historically relied on its independent external auditors to assist in the preparation of the government-wide fund and fund financial statements, including note disclosures, as part of the external financial reporting process. Accordingly, the District's ability to prepare financial statements is based, in part, on its external auditors, who cannot by definition be considered a part of the District's internal controls financial reporting.

Cause – Management has made the decision that it is in their best interest to outsource the preparation of its annual financial statements to the external auditors rather than incur the time and expense of obtaining the necessary training and expertise require for the district to perform this task internally.

Effect of Condition – As a result of this condition, the District lacks internal controls over the preparation of financial statements, including note disclosures, in accordance with the basis of accounting adopted, and instead relies, in part, on its external auditors for assistance with this task.

Recommendation – we recognize that the district may not have the resources to have an accounting personnel to prepare government – wide and fund financial statements, including note disclosures, in conformity with the adopted basis of accounting. However, we recommend that management continue to increase their knowledge of financial reporting.

View of Responsible Officials – The District has evaluated the benefit of establishing internal controls over the preparation of financial statements, including note disclosures, and determined that it is their best of the District to outsource this task to its external auditors, and to carefully review the draft financial statements, including note disclosures, prior to approving them and accepting responsibility for their content and preservation.

Management's Response (Unaudited) – The district believes that outsourcing the financial statement presentation is acceptable in the circumstances.

UNIFIED SCHOOL DISTRICT NO. 409
Atchison, Kansas

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2014

NOTE 1 – Basis of Accounting

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Unified School District No. 409 Atchison, Kansas and is presented on the statutory basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Statutory Basis of Accounting – The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

Unified School District No. 409 has obtained a waiver from generally accepted accounting principles which allows the district to revert to statutory basis of accounting.

Departure from Generally Accepted Accounting Principles – The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expenses, liabilities such as deferred revenue and mature principal and interest payable, and reservations of the fund balance are not presented. Under generally accepted accounting principles, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles.

UNIFIED SCHOOL DISTRICT NO. 409
Atchison, Kansas

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2014

NOTE 1 – Basis of Accounting (continued)

Departure from Generally Accepted Account Principles (ctd.) - General fixed assets that account for the land, buildings, and equipment owned by the district are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, temporary notes, and compensated absences are not presented in the financial statements.

NOTE 2 – Pass-Through Awards

Unified School District No. 409 receives certain federal awards in the form of pass-through awards from the State of Kansas. Such amounts received as pass-through awards are specifically identified on the Schedule of Expenditures of Federal Awards.

NOTE 3 – Major Programs

In accordance with OMB Circular A-133, major programs are determined using a risk-based approach. The Title I – CFDA # 84.010, the ECH Flo-Thru - CFDA #84.027, and the Food Service Cluster - CFDA # 10.553 to 10.582 have been determined by the independent auditor to be major programs.

NOTE 4 – Contingencies

The District receives funds under various federal grant programs and such awards are to be expended in accordance with provisions of the various grants. Compliance with the grants is subject to audit by various government agencies which may impose sanctions in the event of non-compliance. Managements believes that they have complied with all aspects of the various grant provisions and the results of adjustments, if any, relating to such audits would not have any material financial impact.